

MEMORANDUM

TO: Mayor and Members of City Council

FROM: Jane S. Brautigam, City Manager
Paul J. Fetherston, Deputy City Manager
Bob Eichen, Chief Financial Officer
David Driskell, Executive Director of Community Planning and Sustainability
Susan Richstone, Deputy Director of Community Planning and Sustainability
Eric Nickell, Budget Director
James Clanton, Financial Projects Manager
Chris Meschuk, Comprehensive Planning
Joe Castro, Facilities and Asset Management
Jeff Dillon, Parks & Recreation
Bob Harberg, Public Works / Utilities
Tim Head, Public Works / Airport
Don Ingle, Information Technology
Annie Noble, Public Works / Utilities & Greenways
Mike Orosel, Open Space and Mountain Parks
Stephany Westhusin, Public Works / Transportation
Molly Winter, DUHMD

DATE: August 14, 2012

SUBJECT: City Council Study Session – Review of the Draft 2013-2018 Capital Improvement Program (CIP)

PURPOSE:

The purpose of this item is to present the Draft 2013-2018 Capital Improvement Program (CIP) to the City Council. The study session provides Council with an opportunity to ask questions and comment on recommended capital projects in the Draft 2013-2018 CIP prior to the City Manager's submission of the 2013 Recommended Budget to the City Council in September.

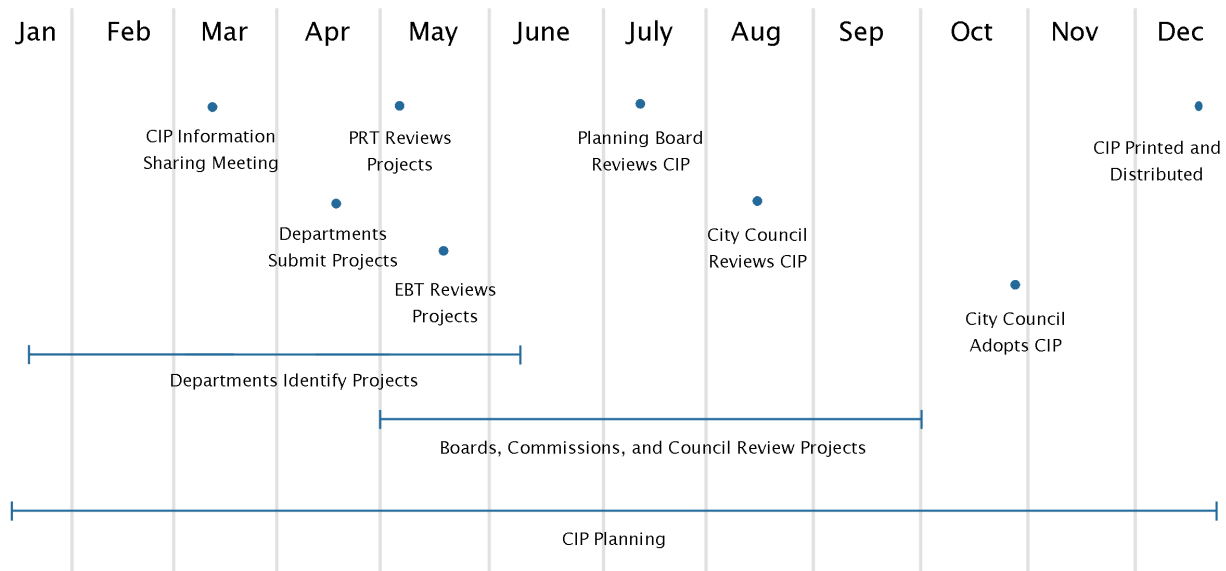
BACKGROUND ON THE CAPITAL IMPROVEMENT PROGRAM:

The City of Boulder's Capital Improvement Program (CIP) is a six-year plan for maintaining and enhancing the city's public infrastructure by correcting current facility deficiencies and constructing new service delivery infrastructure. The CIP provides a forecast of funds available for capital projects and identifies all planned capital improvement projects and their estimated costs over the six-year period. Council members received the Draft 2013-2018 CIP on July 12. An electronic copy can be found at www.bouldercolorado.gov/CIP.

The CIP document contains planned project funding summaries organized by department, project type, and fund; detail sheets for every project and program included in the plan; maps illustrating the location of projects throughout the city; and narratives describing the rationale behind project prioritization. The document is organized into five main parts: an introduction, funding summaries, special project highlights, department projects, and appendices.

Projects are selected for inclusion in the CIP through a process that involves matching available resources with the identified needs and priorities of the community. **Figure 1** diagrams the annual CIP process. To create a citywide understanding of which projects are chosen for inclusion in the CIP, and to ensure individual department priorities for CIP funding are aligned with city goals, the City developed nine CIP Guiding Principles to shape capital planning decisions made throughout the CIP process. These principles can be found on page 10 of the Draft 2013-2018 CIP and in Attachment B to this memo. Every project in the Draft 2013-2018 CIP addresses at least one of these principles, and many projects address all of them.

Figure 1, Annual CIP Process



The 2013-2018 CIP has three major themes derived from the CIP Guiding Principles: Maintaining Existing Assets, Coordination and Partnership, and Leveraging Funds.

Maintaining Existing Assets

One of the CIP Guiding Principles states that projects should sustain or improve maintenance of existing assets before investing in new assets. Maintaining or improving existing assets maximizes the return the city gets on an investment. A total of 57 percent (\$124.6 million) of the 6-year CIP is allocated to repair, rehabilitation, or enhancements for existing facilities. Highlights include: (i) improvements the Facilities and Asset Maintenance division will be conducting throughout municipal buildings in the fall and (ii) funding DUHMD is setting aside for parking structures and lot repair.

Coordination and Partnership

Another CIP Guiding Principle states that projects should be coordinated across departments within and across funds. This coordination allows for savings in project costs and minimizes the period during which areas of the city are disrupted by capital project work. In short, better coordination produces a completed project at an earlier date and with lower overall cost. The Draft 2013-2018 CIP has several examples of projects that are benefitting from coordination and partnership. Highlights include the coordination between Transportation and Utilities for the Utility Pipeline Replacement program and the coordination between Greenways and Utilities, Parks & Recreation and Transportation for the Elks Park and Valmont Park projects.

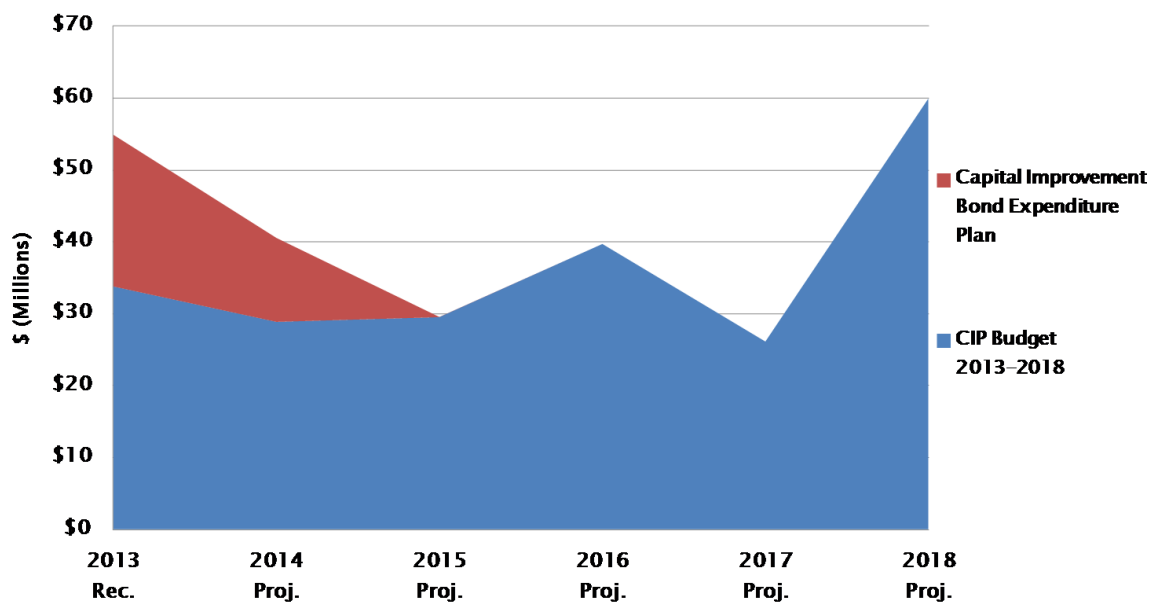
Leveraging Funds

The CIP Guiding Principles also call for projects to leverage external funds when possible. Leveraging external funds strengthens the city's return on investment by infusing more cash into projects. One of the most successful, recent examples of this is the Broadway/Euclid underpass in which several partnerships allowed the city to complete a \$7.4 million improvement with a total city contribution of \$830,000. The Draft 2013-2018 CIP continues to utilize leveraged funds as demonstrated by the Transportation projects utilizing TIP grants to increase the amount of work they can perform.

KEY FINDINGS:

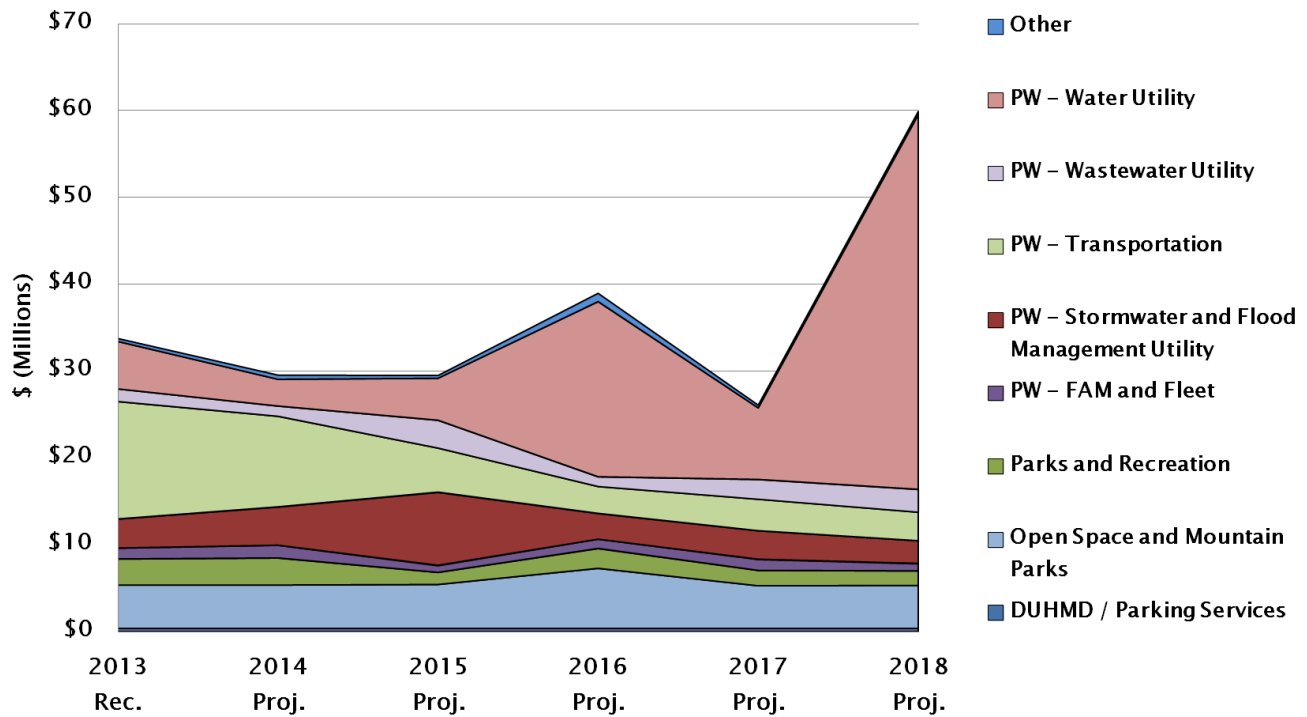
The Draft 2013-2018 CIP includes total funding of \$217.8 million for 140 projects. When Capital Improvement Bond funding is included, the six-year total is \$266.8 million. Before Capital Improvement Bond funds are added, 61 projects are recommended for funding in 2013, for a one year total of \$33.8 million. **Figure 2** shows the impact that the voter-approved bond measure has on the proposed CIP budget for 2013-2018.

Figure 2, Total CIP Funding by Year



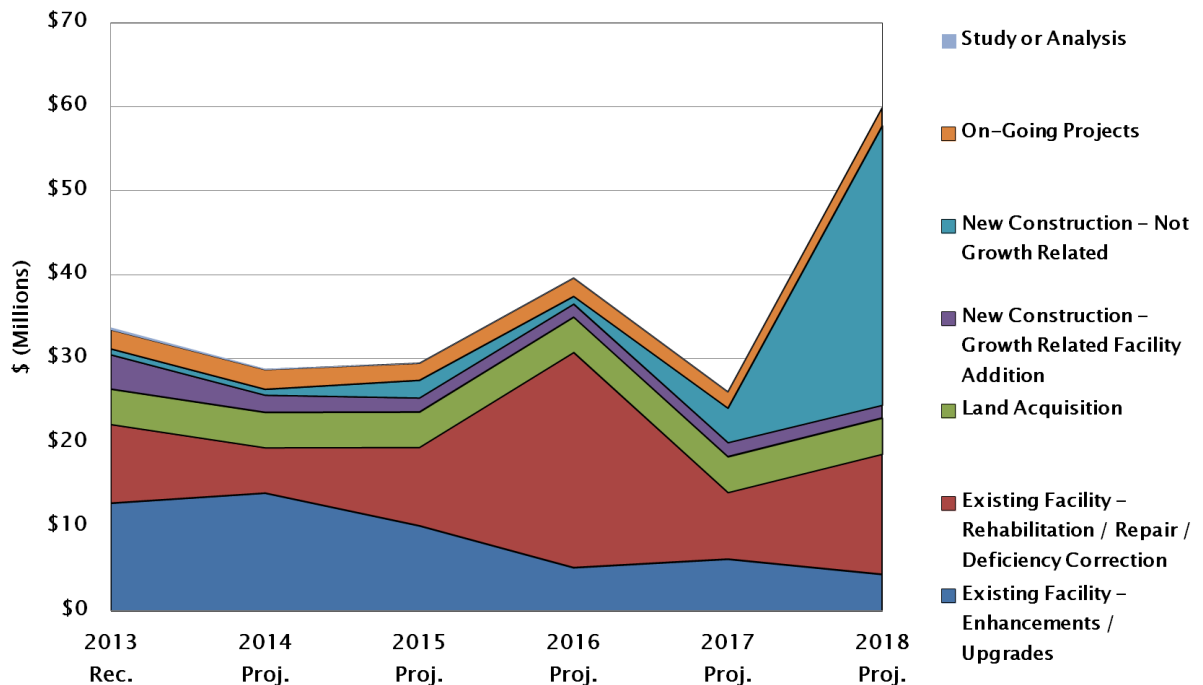
For 2013 through 2018, 16 departments have projects funded in the CIP. The amount of money per department varies year to year depending on the type and cost of projects recommended for funding in that year and the amount of external funding received. Many departments have dedicated revenue sources that keep CIP funding relatively constant. For example, both Open Space & Mountain Parks and Parks & Recreation have dedicated revenue sources, and their CIP funding remains relatively level through 2018. **Figure 3** displays the share of total 2013-2018 CIP funding by each department.

Figure 3, Funding by Department



A total of 57 percent (\$124.6 million) of the 6-year CIP is allocated to repair, rehabilitation, or enhancements for existing facilities. Of the 6-year CIP total, 6 percent is for ongoing projects (\$12.9 million) such as Open Space acquisitions, signal maintenance, and other similar projects. And 25 percent of the 6-year CIP is allocated to new construction (\$54.3 million) such as Boulder Junction improvements or Valmont City Park. **Figure 4** shows the distribution of CIP funds by project type.

Figure 4, Funding by Project Type



Additionally, 1% of the 6 year CIP is allocated to Land Acquisition (\$25.4 million). The remaining \$0.6 million is for study, analysis, or reconstruction projects.

CHANGES FOR THIS YEAR:

For the 2013 CIP process, the following significant changes have been implemented to assist Council in its review and decision making role:

- 1) Continue use the CIP guiding principles across the city organization. Each departmental summary and project status sheet now includes analysis of how the project meets the guiding principles (see page 10 of the Draft 2013-2018 CIP for the guiding principles).
- 2) Provide additional project financial information, in particular planned expenditures for Capital Improvement Bond projects.
- 3) Align the CIP more closely with the city's operating budget that the Council reviews each September, so that capital budget commitments from the CIP are clearly identified.
- 4) Supply special highlight sections that feature Boulder Junction and the voter-approved 2011 Capital Improvement Bond projects.
- 5) Provide a redesigned document overview and how to use the new information given in each capital project sheet.

BOARD AND COMMISSION COMMENT:

Departmental advisory boards have reviewed the draft CIP related to their respective departments, and the recommendations are below. In addition, the Planning Board reviewed the full draft CIP according to their role defined in the Charter and Boulder Revised Code, and its recommendation is also included below.

Greenways Advisory Committee

On June 12, 2012, the Greenways Advisory Committee voted (5-0) to recommend "to the City Planning Board and the City Council to approve the proposed Greenways Capital Improvement Program (CIP), with the modification already being recommended by the Budget Office that the Greenways project administration be moved from a separate line item into the relevant capital projects."

Open Space Board of Trustees

On July 5, 2012, the Open Space Board of Trustees voted (5-0) to "approve, and recommend that the Planning Board approve an appropriation of \$4.7 million in 2013 from the Open Space Fund CIP as outlined in this memorandum and related attachments; and recommend that \$343,000 be appropriated from the city's Lottery Fund CIP in 2013."

Parks and Recreation Advisory Board

On April 4, 2012, the Parks & Recreation Advisory Board voted (7-0) to approve "the recommended 2013 expenditures from the Permanent Parks & Recreation Fund subject to moving \$250,000 from the Pearl Street irrigation project to the Valmont disc golf project and approve the recommended 2013-2018 Parks & Recreation CIP."

Transportation Advisory Board

On June 11, 2012, the Transportation Advisory Board voted (5-0) to "recommend approval of the Transportation Capital Improvement Program to the Planning Board and to City Council."

Water Resources Advisory Board

On June 18, 2012, the Water Resources Advisory Board voted (5-0) to “recommend approval of the 2013-2018 Capital Improvement Program for the water, wastewater and flood/stormwater utilities, including proposed rate adjustments to support 2013 revenue increases at 3% in the water utility; 5% in the wastewater utility; and 3% in the flood/stormwater utility. The board further recommends that the city continue to provide for gradual increases in rates over time and supports the rate increases presented in the 2013 budget given that:

- 1) The city faces construction inflation rates of 4% or greater,
- 2) The city wants to maintain a good/reasonable asset management replacement rate of 75%,
- 3) The city faces significant cost to be in compliance with its new wastewater treatment permit limits; and
- 4) The city wants to avoid sharp double digit increases in future rates.

Planning Board

The Planning Board reviewed the draft CIP on July 19, 2012, pursuant to Charter Section 78. Planning Board’s role in reviewing the CIP is to:

- 1) Evaluate CIP projects in the context of the long-term, "big picture" policies of the Boulder Valley Comprehensive Plan (BVCP);
- 2) Make recommendations on the scope, priorities, and scheduling of CIP projects;
- 3) Make recommendations on resolving policy issues raised by the proposed location and design of CIP projects; and
- 4) Make recommendations on the CIP projects that should undergo a Community and Environmental Assessment Process (CEAP) review.

The draft July 19, 2011 Planning Board action minutes on the Draft 2013-2018 CIP are included in **Attachment A**.

On a motion by **M. Young**, seconded by **D. Powell**, the Planning Board approved 6-0 (**B. Bowen** absent), recommended to City Council the 2013-2018 proposed Capital Improvement Program, including the list of CIP projects to undergo a Community and Environmental Assessment Process, as outlined in the staff memorandum dated July 19, 2012 with the following additional recommendations:

- 1) That funds allotted to the Thunderbird Lake not be used for adding water to the lake but instead be used for restoration of the area, and
- 2) That since the North Boulder Subcommunity Plan calls for a North Boulder Library and the population is growing in North Boulder, a North Boulder Library be moved from vision plan to action plan.

ATTACHMENTS:

Attachment A: CIP Guiding Principles excerpted from page 10 of the Draft 2013-2018 CIP.

Attachment B: Draft July 19, 2012 Planning Board action minutes and resolution on the Draft 2013-2018 Capital Improvement Program.

**Figure 1–1: CIP Guiding Principles**

The City of Boulder develops a Capital Improvement Program (CIP) that addresses the ongoing major business needs and maintenance and repair of city assets as well as enhancements and expansion called for in the Boulder Valley Comprehensive Plan. The CIP is a strategic document that assures that the municipal organization maintains a strong bond rating, implements community values, and has fiscal integrity. The City prioritizes its investments both across and within funds based on the following guiding principles:

1. **Capital Improvement Programs should be consistent with and implement Council-accepted master plans and strategic plans.**
2. **Capital Improvements should achieve Community Sustainability Goals:**
 - Environmental – sustainable materials, construction practices, renewable resources, etc.
 - Social – enhancements that improve accessibility to city services and resources provided to the community
 - Economic – effective and efficient use of public funds across the community.
3. **As potential capital investments are identified, the city must demonstrate in the CIP process that there are sufficient funds to operate and maintain the project or program.**
4. **Capital Improvement Programs should provide enough capacity and flexibility in our long-term planning to be able to respond to emerging, unanticipated needs.**
5. **Capital Improvement Programs should maintain and enhance the supporting city-wide “business systems”, such as information and finance systems, for the city over the long-term.**
6. **Capital Improvement Programs should sustain or improve maintenance of existing assets before investing in new assets.**
7. **Capital improvements should:**
 - Meet legal mandates from federal, state, or city levels
 - Maintain or improve public safety and security
 - Leverage external investments
 - Promote community partnerships
 - Reduce operating costs and improve efficiency.
8. **Capital programming should maximize efficiency of investments demonstrated by measurable cost/benefit analyses and coordination of projects across departments within and across funds.**
9. **The Capital Improvement Program should provide sufficient reserves to allow for a sound fiscal foundation with benefits that include:**
 - A strong bond rating
 - The ability to address emergencies and natural disasters.

**Excerpt from Draft
July 19, 2012 Planning Board Minutes**

1. PUBLIC HEARING ITEMS

- A. Public hearing and consideration of a recommendation to City Council on the proposed 2013-2018 Capital Improvements Program (CIP).

Staff Presentation

Jean Gatza presented the item to the board.

Public Hearing

No one presented to the board.

Board Discussion

Thunderbird Lake

The board questioned the Thunderbird Lake project, to include the investment fee and the analysis for how long the lake will continued to be filled. **A. Brockett** felt the addition of treated city water was not in sync with being stewards of the environment and the BVCP. **M. Young** agreed and would recommend to council to consider that this is not within the BVCP values. The rest of the board agreed.

A. Brockett recommended that the board add a recommendation to the motion that funds be used only for restoration and not a planned investment for Thunderbird Lake.

North Boulder Library

M. Young recommended that the board add a recommendation that given that the north Boulder subcommunity plan calls for a library in north Boulder that the North Boulder Library be moved from vision to action.

On a motion by **M. Young**, seconded by **D. Powell**, the Planning Board approved 6-0 (**B. Bowen** absent), recommended to City Council the 2013-2018 proposed Capital Improvement Program, including the list of CIP projects to undergo a Community and Environmental Assessment Process, as outlined in the staff memorandum dated July 19, 2012, with the following additional recommendations:

- a. That funds allotted to the Thunderbird Lake not be used for adding water to the lake but instead be used for restoration of the area, and
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